

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ADP-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 L-03 H-02 PA-03 USIA-12 PRS-01 RSR-01 (ADP) W
----- 092443

R 030400 Z MAY 73

FM AMEMBASSY KABUL

TO SECSTATE WASHDC 3088

INFO AMEMBASSY BONN

AMEMBASSY LONDON

LIMITED OFFICIAL USE KABUL 3225

E. O. 11652: GDS

TAGS: EFIN, EAID, AF

SUBJECT: AFGHAN DEBT

REFS: (A) STATE 075697; (B) KABUL 2491

1. EMBASSY RECEIVED MFA NOTE NO. 392 DATED APRIL 25 ON MAY 1, WHICH READS IN PART: ... REFER TO THE RECENT NEGOTIATIONS CONDUCTED BETWEEN RGA FINANCE MINISTER AND U. S. AMBASSADOR...", (REF B). "... SINCE THE BALANCE OF PAYMENTS OF RGA IS UNFAVORABLE AND ALMOST 40 PERCENT OF COUNTRY' S FOREIGN EXCHANGE EARNINGS GOES INTO REPAYING FOREIGN LOANS, RGA HEREBY MAKES AN OFFICIAL MORATORIUM (SIC) APPEAL TO GOVERNMENT OF FRIENDLY COUNTRY OF USA. AS YOU ARE AWARE, RGA HAS OBTAINED MORATORIUM (SIC) FROM USSR AND EXPECTS THAT FRIENDLY GOVERNMENTS OF WESTERN COUNTRIES WILL ALSO DO SAME. RGA MFA HOPES EMBASSY WILL BRING PROPOSAL OF RGA TO ATTENTION OF USG AND DRAW THEIR SPECIAL ATTENTION."

2. NO RPT NO PRIOR NOTICE OF NOTE WAS CONVEYED AND ITS EXISTENCE UNKNOWN TO IMF RESREP STIG VON POST. EMBASSY HAS ASCERTAINED THAT OTHER EMBASSIES, INCLUDING FRG AND UK, WILL BE RECEIVING LIMITED OFFICIAL USE
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SIMILAR REQUEST, BUT AS OF MAY 1 NOT YET TRANSMITTED. NOTE IS NOT RPT NOT SUPPORTED BY ANALYTICAL DOCUMENTS, NOR DOES IT REFER TO ANY MULTILATERAL APPROACH.

3. EMB CONOFF CALLED ON MINFIN JALALLAR COMMENDED. FURTHER CHANGES IN INPUT DOCUMENT FLOW AND RESPONSIBILITIES TO REDUCE SLIPPAGE BETWEEN SONEXIM DEPARTMENTS AND SECRETARIAT, EFFECTIVE APRIL 16, 1973 ARE ONE RESULT.

C. GREATER USE OF SGS FOR INSPECTION AND TALLYING OF INCOMING COMMODITIES IS BEING MADE AS RECOMMENDED. COVERAGE IS 1-3 SHIPS IN EACH CONVOY, FOR AN ESTIMATED 30-35 PERCENT OF CIP ARRIVALS.

2. PARAGRAPH FIVE OF REFERENCE C LISTS THE LUXURY GOODS WHICH WE BELIEVE ARE COVERED BY THE RECENTLY INSTITUTED BAN ON IMPORTATION OF LUXURY GOODS. THIS BAN WAS REPORTED IN PARAGRAPH THREE OF REFERENCE B. AS STATED IN THAT PARAGRAPH THE BAN WOULD BE LIFTED UPON APPROVAL OF HIGHER TAXES FOR THESE GOODS BY THE LEGISLATURE. HOWEVER, SINCE THE LEGISLATURE HAS BEEN SUSPENDED FOR SIX MONTHS, WE ARE NOT ABLE TO PREDICT WHAT ACTION IF ANY WILL BE TAKEN ON THE HIGHER TAXES.

3. THE SUPPORT THE WAR TAX APPLIES TO ALL GOODS; HOWEVER, THE RATE VARIES. WHEN THE TAX WAS INSTITUTED OCTOBER 27, 1971, THE FOLLOWING RATES WERE SET:

ITEM	RATE (PERCENT)
1. PASSENGER CARS AND SPARE PARTS	130
2. MOTORCYCLES AND SPARE PARTS	80
3. T. V., REFRIGERATORS, AIR CONDITIONERS, TAPE RECORDERS AND SPARE PARTS	40
4. RADIOS, ELECTRIC HOUSEHOLD APPLIANCES AND SPARE PARTS	20
5. PERFUMES AND COSMETICS	15
6. OTHER PRODUCTS	3

THIS WAS MODIFIED ON JANUARY 22, 1972, WHEN SPARE PARTS WERE REMOVED FROM THE FIRST FOUR CATEGORIES. FURTHER, SUPPORT THE WAR TAX INCREASES ARE AS FOLLOWS:

ITEM	RATE (PERCENT)
(AUGUST 4, 1972)	
1. SEEDS OF WATERMELON	50
2. CHOPSTICKS	50
3. DRY & FRESH PERSIMMONS	50
4. DRY & FRESH GRAPES	50
5. APPLES, PEARS & FRESH JUICES	50
6. DRY FRUITS, JUJUBES	50
7. DRY VEGETABLES (DRY FLEUR- DE LYS)	50

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8. DRY VEGETABLES (DRY & FUMED GARLIC)	50
9. BATTERY OPERATED ELECTRICAL LAMPS	30
10. ELECTRICAL BATTERIES	15
11. EMPTY BOTTLES & FLAGONS	15
12. INSULATING BOTTLES & OTHER ISOTHERMAL VESSELS & THEIR SPARE PARTS EXCEPT GLASS AMPULES	50
13. FRUITS, FRUIT RINDS, PLANTS & THEIR PARTS AND SUGAR	50

14. RUBBER THONGS	50	
15. TIRES FOR BICYCLES	50	
16. LINEN SHOES	50	
17. PRINTED COTTON CLOTHS		30
18. NAILS	50	
19. GLASSES (DRINKING)	50	
20. PLATES, DISHES, & HOUSEHOLD ARTICLES		50
21. VERMICELLI	30	
22. BEER	30	
23. SAUCE	30	

(SEPT 13, 1972)

24. SOAP, DETERGENT POWDER	50
25. ELECTRICAL BATTERY	50

(SEPT 22, 1972)

26. FISH HOOKS	50
27. BAMBOO COMBS	25

(DEC 22, 1972)

28. FILMS, EXPOSED & DEVELOPED (EXCEPT NEW FILM)	50
29. AIR CONDITIONING EQUIPMENT	50
30. TOBACCO, CIGARETTES AND CIGARS	50

RICE WAS EXEMPTED FROM THE TAX ON SEPTEMBER 5, 1972 AND MOST
PHARMACEUTICAL PRODUCTS ON SEPTEMBER 11, 1972. THE TAX ON ITEMS
3 THROUGH 6 WAS INCREASED TO 100 PERCENT ON DEC 22, 1972.

4. THE HIGHER TAXES ON LUXURY GOODS, ASSUMING OVERALL GKR
EXPENDITURES ARE BROUGHT UNDER CONTROL AND THAT THE TAXES ARE
FULLY COLLECTED, SHOULD SIGNIFICANTLY REDUCE THE IMPORT DEMAND
FOR THESE ITEMS. IT IS NOT POSSIBLE TO TRY TO QUANTIFY THE
AMOUNT OF REDUCTION AT THIS TIME.
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<< END OF DOCUMENT >>

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